



SUBMISSION

Fiscal Framework and Revenue Proposals

9 March 2026

Attention: Allan Wicomb, Nkululeko Mangweni, and Teboho Sepanya

Finance Standing Committee:

Chairperson: Mr MJ Maswanganyi (ANC)

Members: Alexander, Ms W (DA), Bateman, Mr Bateman, Mr AG (DA), Beesley, Mr AD (Action SA), Gcaleka-Mazibuko, Ms NA (ANC), Hadebe, Mr N (IFP) Lekganyane, Mr MS (ANC) Makhubela, Ms LS (ANC), Maotwe, Ms OMC (EFF), Sekoati, Mr SC (ANC), and Van Rooyen, Mr DD (MK).

Select Committee on Finance:

Chairperson: Ms Ndhlovu, S (Chairperson),

Members: Mr Britz, J.H.P, Ms Legwase, T.I., Mr Majola, J.S., Ms Nxumalo, S., Mr Radebe, B.A., Mr Ryder, D.R., Ms Siwisa, A.M., and Mr Swart, P.J.

Dear Members of the Select and Standing Committees on Finance and Committee Secretaries,

On behalf of the Institute for Economic Justice (IEJ), thank you for the opportunity to make the following written submission and participate in the public hearings on 10 March 2026 in response to the Fiscal Framework and Revenue Proposals tabled by the Minister of Finance on 25 February 2026.

Given the centrality afforded to public participation in our constitutional democracy, we trust that you will give meaningful consideration to our submission and the considered and substantiated proposals.

Should you have any questions regarding this submission, please feel free to contact Liso Mduyana, the IEJ's Debt and Budget Policy Junior Researcher at liso.mduyana@iej.org.za.

1. Introduction

Although the 2026 Budget was an opportunity for the Minister of Finance to reverse a decade of ill-informed austerity and to steer the country towards transformative growth, Minister Gondongwana has opted to maintain the status quo. The 2026 Budget fails to reverse the expenditure cuts proposed in the 2025 Medium Term Budget Policy Statement (MTBPS) and enacted over the past decade, or to build on the moderate expansion contained in the 2025 budget. In fact, the tabled 2026 Budget makes additional budget cuts, on top of the tens of billions that have been removed in previous years. Despite the improved economic environment, the Minister of Finance reduced non-interest spending by R5.2 billion in 2026/27 and by R14.2 billion in 2027/28, compared to the 2025 Budget. The National Treasury is once again starving the country of the resources needed to advance development and ensure quality public service delivery.

The Minister's premature celebration of a declining debt level and rising primary budget surplus exposes the fact that the government is not attuned to the appalling realities of many South Africans. The Minister missed an opportunity to adopt a national emergency response to chronic food insecurity, high inequality, and astronomical levels of joblessness. Instead, the increased fiscal space, contrary to the [promises](#) of the National Treasury's Director-General, has been used for tax relief skewed towards the relatively well-off and to reduce the increase in further borrowing. Our submission is framed around the National Treasury's problematic approach to economic growth, which has a negative impact on every aspect of the budget.

To this end, we make the following policy proposals:

1. There must be greater revenue mobilisation, including through tapping into pools of capital in the public sector, to enable greater public infrastructure investment, and therefore accelerated economic growth.
2. Increases to social spending must be benchmarked to inflation and population growth rates, with an objective to achieve evidence-based targets (such as a learner-to-teacher ratio of 30).
3. Monetary policy tools (such as targeted credit allocation) must be used in conjunction with fiscal policy to reduce the cost structure of the whole economy.
4. Changes to the budget process – the proposal of a new fiscal anchor, the Targeted and Responsible Spending (TARS) initiative, and gender-responsive budgeting (GRB) – must centre the need to mobilise more revenue to ensure that programmes are adequately funded.

2. Economic growth and public spending

The National Budget projects that growth is expected to average 1.8% over the medium-term, a level that does not even keep pace with the average yearly growth of the labour force (at 2% between 2015 and 2025). This means that under the National Treasury's own proposed policies, unemployment will be higher in three years. National Treasury fails to utilise the Budget as a critical lever to drive a more ambitious growth and jobs agenda.

Insufficient investment

Despite fanfare over the R1.07 trillion allocation to infrastructure over the medium term, the 2026 Budget chronically underinvests in South Africa's future. South Africa's [investment rate](#) currently sits at just under 14%, with an NDP target of 30%. The levels of investment provided for in this Budget will, at best, raise the level of investment to 16.5% if fully realised. This is inadequate to reverse the underinvestment by the government over the last decade, particularly in areas such as water, rail, and electricity, which have given rise to the multiple crises we see today. If NDP targets are to be progressively achieved by 2030 (i.e., an investment rate of 20% to [30%](#) between 2026/27 and 2028/29), investment is required of R1.8 trillion per annum - well above that provided for in the Budget.

Worryingly, it appears that the National Treasury expects the private sector to make up this investment shortfall through intensifying public-private partnerships. This is also reflected in the government's broader development policy, with the [Medium Term Development Policy for 2024-2029](#) arguing that "current debt levels and the planned fiscal consolidation path mean that private finance will now have to play a larger role than originally envisaged by the NDP."

This approach has two fundamental flaws. First, believing that private investment will increase by R800 billion, from around its current level of R1 trillion to the needed R1.8 trillion per annum, is far-fetched to say the least. While private investment has been successfully brought into specific projects, nowhere in the world has the promise of 'derisking' capital successfully turned 'billions into trillions' as promised by the rhetoric. Second, this reliance on mobilising private capital will most likely privatise essential public goods and worsen access to infrastructure and services for the public through increased prices for profit gains.

Underinvestment in South Africa's people

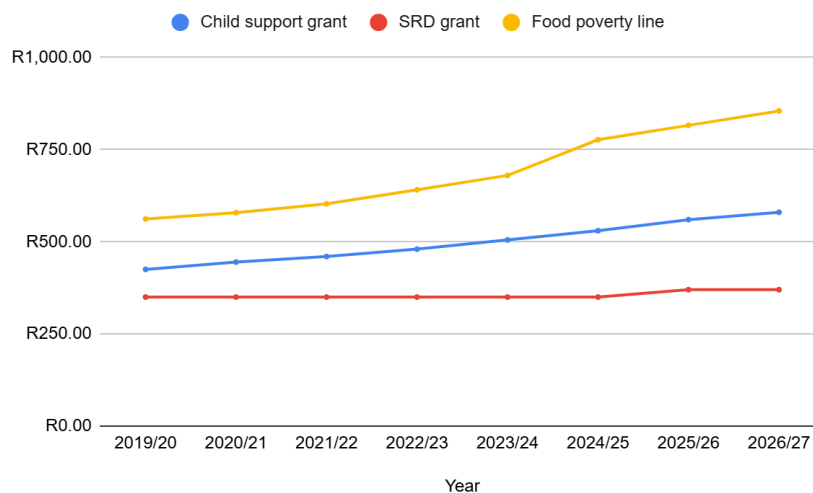
This failure to invest is not limited to infrastructure, with the National Budget once again failing to match the challenges the country faces with a requisite fiscal investment in essential economic and social priorities. Non-interest public spending (i.e. excluding debt repayment) declines by 2%, in real terms, in 2026/27, and by an average of 1.7% over the next three years, coming on the back of repeated cuts in real spending over the last decade. This means that allocations to spending over the MTEF are below inflation by 2% and 1.7%, respectively. Per capita, this translates to government spending R706 less per person in 2026/27 compared to 2025/26. Total government spending amounts to 33.9% of the country's income, compared to an average of 42.6% of GDP in OECD countries (in 2023). It is unconscionable that South Africa spends less to uplift people from poverty, as a proportion of national income, than rich countries spend to maintain the livelihood of their largely well-off citizens.

This also impacts public services, which continue to decline - compounding years of cutbacks. Inflation-adjusted spending on education per learner declines by an average of 0.33% over the medium term. The basic education allocation is insufficient to address deficiencies in school

libraries, poor early childhood development infrastructure, high learner-to-teacher ratios, and the general dilapidated state of public school infrastructure. The Department of Basic Education [notes](#) that “around half of learners at the primary level in public schools in the last decade or so have been in classes exceeding 40, even though policy suggests 40 should be considered a ceiling. Moreover, around 15% of these learners have been in classes exceeding 55.” In healthcare, real spending (in constant 2018/19 rands) is R4,028 per public service user in 2026/27, which is down from R4,108 per public service user in 2019/20.

Social protection spending, when adjusted for inflation, contracts at 0.33% over the next three years, largely because the Covid-19 SRD grant has not increased, and has not been funded in the outer years of the MTEF; together with Treasury’s planned cutback in the number of social grant beneficiaries. In addition, while the Older Person’s Grant (OPG) and Child Support Grant (CSG) have received small increases of R80 and R20 respectively, in line with headline inflation, this is insufficient to rectify the loss in purchasing power due to years of below inflation increases - particularly for the CSG - and it does not account for food price inflation, which is consistently higher than headline inflation. We illustrate the loss in the purchasing power of the CSG and SRD grant in Figure 1, where we find the gap widening between the food poverty line and the social grants, especially since 2023/24. The largest share of social grant spending is on food.

Figure 1: Select social grants vs food poverty line, 2019/20 - 2026/27



Source: National Treasury & StatsSA

The Minister of Finance lauded SASSA’s new biometric and verification capabilities and the “savings” they are projected to achieve - a total of R3 billion over the next two years. This directly translates to cancelling and rejecting applications for about 0.5 million grants. Although the government describes this as a “fraud crackdown”, there is very little evidence to suggest that the majority of these rejected grant payments are fraudulent, and the methods SASSA is

using to uncover so-called fraud are known to be [deeply flawed and inaccurate](#). At a time when food insecurity and poverty levels outstrip social grant receipt, this amounts to a significant retrogression in constitutional rights. To achieve National Treasury's projected savings, SASSA will need to at least quadruple its current rate of cancellations and rejections over the next year.

The approach to building up savings is flawed

The National Treasury's approach also places a one-sided focus on the centrality of increasing South Africa's savings. This is expressed in the Budget through among others a substantial increase in the tax-deductible allowance for retirement savings for higher-income earners. This suffers from two problems.

First, the approach is likely to increase inequality, which is itself [growth retarding](#). [Research](#) by the IEJ shows that high-income earners already benefit from this deduction to a greater extent than lower- and middle-income groups. Second, it assumes that investment is always reliant on pre-existing pools of savings. As South Africa's new macroeconomic policy, the yet-to-be-released GAIN strategy,¹ explicitly notes: "a key constraint is that South Africa's persistently low savings rate, driven mainly by structural fiscal deficits, limits capital availability and constrains growth" (The Presidency, GAIN Strategy presentation, 2025, p. 12). However, countries that have grown successfully have instead targeted a particular level of investment, with one of the dividends of that investment being higher savings, as additional funds flowed into the economy.

This is possible because in a credit-based economy, households rely on loans to buy vehicles and houses, and businesses rely on lines of credit for everyday operations and, as [observed](#) by the South African Reserve Bank (SARB), mainly use credit for capital investment. As the [Bank of England observed](#), an available pool of pre-existing deposits is not the ultimate constraint on banks issuing such credit. Therefore, while a low savings rate is not ideal, it is not a *binding* constraint for consumption and investment. However, high long-term real interest rates can, as evidence shows in the case of South Africa,^{2 3} constrain consumption and investment spending. Furthermore, higher savings rates by themselves will not lead to higher fixed investment and growth. Corporate savings can be hoarded or distributed to shareholders when enterprises do not believe that using retained earnings to help finance business expansion will be sufficiently profitable.

This has three implications for the government's use of fiscal and monetary policy:

¹ This is based on a leaked slide presentation of the GAIN strategy. The actual GAIN document is not yet publicly available, six months after its adoption by Cabinet last September. This is a problem, given that government's strategy is based on this document, and the Committee should demand that it is publicly released.

² Kotlele, K., Edoun, E.I., & Naidoo, V. 2021. An assessment of interest rates on high income earners in South Africa. *Technium Social Sciences Journal*. Vol. 26. pp. 1-16

³ Jordaan, J.C. 2013. Impact of interest rate changes on South African GDP and households: a combined macroeconomic and social accounting matrix modelling approach. *Southern African Business Review*. Vol. 17 No. 3.

1. The government can unlock greater private consumption and investment by lowering the cost of credit through, *inter alia*, SARB credit allocation measures.
2. For economic growth, attempting to increase the savings rate through tax relief can only be justified by measures to mobilise those savings for productive use in the real economy.
3. Giving tax relief to the well-off, even if the resultant savings are mobilised for productive use, must be weighed against the fiscus having more resources to increase public spending for social and economic benefit.

Low growth is a feature of status quo policy, not a bug

National Treasury's acknowledgement that the current approach to managing the economy is only able to produce 2% growth, reinforces the arguments the IEJ made in our [briefing note](#), that status quo policies are keeping the country trapped in a sub-3% growth trajectory. South Africa's status quo growth model resides in a fictional world where allowing corporations and rich people to have an increasingly larger share of the value created by all of society will somehow propel them to invest more in the real economy. This, despite [extensive research](#), which shows that their propensity to invest or consume is low. Indeed, [research](#) shows that nowhere in the world has this version of 'trickle-down economics' created conditions for sustained economic growth. Meanwhile, the channels that offer better prospects for (re)igniting private investment, such as massively increasing public investment, high domestic consumer demand, an appropriately skilled workforce, and reliable and cheap infrastructure, are either ignored or underfunded.

Recommendations:

1. Improve the investment rate towards the 30% target by 2030 through higher public investment and unlocking private sector financing by lowering real interest rates.
2. Increases to social grants and public services must be benchmarked to inflation and population growth rates.
3. Parliament must put pressure on the government to expedite the development of a basic income policy, and this must be adequately funded.

3. Revenue mobilisation

Given that the National Treasury does not appear interested in raising the level of spending, it is perhaps unsurprising that its revenue mobilisation efforts fall flat in marshalling the finance needed for spending on public infrastructure, public services, and poverty reduction. The National Treasury correctly [observes](#) that "ultimately, the best option to increase revenue is by broadening the tax base and growing the economy". Yet, instead of taking advantage of the improved economic environment to bolster revenue mobilisation and channel it to pro-poor spending, the Minister of Finance opted to grant relief to higher-income earners and businesses.

The concessions to SMMEs will only have the desired impact if poor communities have the spending power to buy their goods. As we showed above, the spending power of poor

communities continues to decline due, amongst others, to low increases in social grants. The 2026 Budget tax proposals raise no additional revenue over the medium term, and revenue projections are lower in real terms than those contained in the 2025 MTBPS. The R20 billion tax increase committed to in the 2025 Budget is withdrawn, and personal income tax brackets and medical tax credits are fully adjusted for inflation, sacrificing revenue that could have been directed elsewhere.

A pro-poor approach would prioritise the earmarking and redirection of medical aid tax credits for the expansion of the public healthcare system through, for instance, hiring more nurses and doctors, building more clinics, and ensuring that medicines are available. Instead, the government forgoes revenue (last estimated at R37 billion in 2023/24) to subsidise middle and upper-class households. In addition, National Treasury fails to tap into vast pools of capital, in the form of a net wealth tax (which can target savings in unproductive sectors), increasing withdrawals from the Gold and Foreign Exchange Contingency Reserve (GFECRA), and making better use of the over R1 trillion in assets in the Government Employees Pension Fund (GEPF).

Recommendations:

1. Active participation in the UN Tax Convention, which seeks to give more power to developing countries such as South Africa to tax profits from multinational corporations.
2. To bolster mobilisation in the short-term, the Treasury must consider implementing a net wealth tax; redirecting medical aid and retirement-linked tax breaks for higher-income individuals towards the fiscus for public investment; increasing withdrawals from GFECRA; and using pension assets such as the GEPF to invest in infrastructure projects, which can be done via investing the government's infrastructure bonds.
3. Continue financial support for SARS to increase tax compliance and to enable the repayment of tax debt.

4. Debt

The failure to raise economic growth to adequate levels continues to frustrate National Treasury's efforts to contain the debt-to-GDP ratio. Consequently, once again, the public is forced to bear the brunt of consolidation because the strategy is misdirected. Despite new budget cuts, the debt-to-GDP ratio is expected to peak at a higher level (78.9%) than was anticipated just four months ago in the 2025 Medium-Term Budget Policy Statement (MTBPS) (77.9%), and of course higher than in the 2025 Budget (77.3%) or the 2024-2029 Medium Term Development Plan (at 75.5%). This is because nominal GDP grew at a slower pace than expected. Despite clear evidence, the National Treasury refuses to acknowledge that spending cuts, which reduce aggregate demand, have a negative impact on GDP growth. Therefore, even when debt is accumulated at a slower pace, it will leave the debt-to-GDP level unchanged or higher. To counter this trend, the 2026 Budget proposes to increase the primary surplus by 0.7 percentage points, equivalent to R59.5 billion between 2025/26 and 2026/27. In essence, this is an austerity measure that directs the increased revenue collection away from critical social needs. [According to the National Treasury](#), if GDP growth of 1.3% in 2026; 1.5% in 2027, and

1.9% in 2028 materialises, then it will require a primary surplus of 3.7% of GDP to stabilise debt-to-GDP levels by 2028/29, with the debt ratio peaking in 2028/29.

While it is positive that debt service costs will be lower as a share of revenue (from 21.3% in 2025/26 to 20.2% in 2028/29), this does not need to be accomplished through restricted public spending. [As previously argued](#), better macroeconomic policy coordination can achieve fiscal sustainability in a manner that does not compromise the government's redistribution imperative. For instance, monetary policy tools can be used to fight inflation and actively transmit cheap, stable, and predictable capital for development. This would lower the cost structure of the entire economy, including the cost of government debt. Further, an effective growth strategy would lower debt servicing costs, as economic confidence is built.

Recommendation:

1. Broaden the mandate of the SARB to include a requirement that it must issue debt on concessional terms directly to strategic industries (such as those that are positioned to drive green industrialisation) or indirectly, through national development banks. This must be paired with reciprocal mechanisms that ensure that the finance is used to achieve developmental objectives.
2. Pursue a systematic re-negotiation of public debt on better terms, with special attention to the debt owed by state-owned enterprises, like Eskom and Transnet, which were at the centre of misappropriation of public funds.

5. Budget process

Recent years have seen the National Treasury alter the budget process in response to its inability to constrain spending as desired. This has resulted in the proposal of a new, stricter fiscal anchor and the Targeted and Responsible Savings (TARS) initiative. Essentially, these proposals seek to reduce the level of discretion in fiscal decision-making by forcing policymakers to choose between different spending items. However, as we argue below, pitting different yet interdependent spending items could lead to underperformance in the target outcome. On the other hand, we show that the way in which gender-responsive budgeting (GRB) has been integrated in government departments is likely to make it ineffective as a tool to reduce disparities in income and access to public services.

Targeted and responsible savings

Pitting current spending on health, education, and welfare against infrastructure spending is also counterproductive and dangerous. The economy is an ecosystem, where spending on one programme is connected to the impact of other programmes. For example, building more clinics (infrastructure) will not do much to improve health outcomes if patients have to wait hours in line to get assistance from overworked nurses and doctors due to staff shortages. This is the context under which we must closely scrutinise the National Treasury's TARS programme.

While it is laudable that the National Treasury is seeking to root out ‘wasteful’ spending, there is every danger that this may defund programmes that are working, but which the Treasury is ideologically opposed to. The SRD grant, for example, is a programme which has had demonstrable [success](#) in sustaining livelihoods, but which the Treasury is actively trying to close. The new GAIN strategy presentation states that the point of the TARS programme is for “spending to be redirected towards pro-growth and poverty alleviating priorities” (The Presidency, GAIN strategy, 2025, p. 13). Yet the unjustified increase in barriers to the SRD grants and other social grants, many of which exclude eligible beneficiaries, is directly opposed to this goal.

Recommendation:

1. The TARS initiative must be based on a government-wide (rather than siloed or programme-level) spending review, overseen by relevant portfolio committees. In reviewing the efficacy of spending, there must be consideration of the effects of budget cuts that have made programmes ineffective, and therefore need more, not fewer, resources.

Fiscal anchor

Following its failure to arrest the growth in the debt-to-GDP level, National Treasury has pushed for a new fiscal anchor. Internationally, fiscal anchors have had a mixed record in bringing down the level of debt and compliance. The IEJ’s [research](#) finds that the most robust explanation for reduced debt-to-GDP is faster economic growth. Moreover, we find that the failure of existing fiscal anchors (e.g., the nominal expenditure ceiling) was due to Treasury’s failure to adequately budget for spending towards the recapitalisation of state-owned enterprises, the public sector wage bill, and the SRD grant. In the end, failure to budget for these causes inappropriate cuts to other expenditures, just so the fiscal anchor is adhered to.

While the details of the new “principles-based” fiscal anchor are yet to be published, we proposed three actions that should accompany the new anchor (if it is to be adopted) to ensure that it does not entrench austerity.

First, build political convergence on spending. To address concerns that we are not making the best use of our fiscal resources, the National Treasury must establish better vehicles for the political process to contest the budget so that it channels the fiscus towards solutions for better prioritisation of public spending. Second, align fiscal rules with the goals of fiscal policy. Fiscal anchors do not need to be used to secure austerity. If fiscal rules are paired with revenue-raising measures, it is possible to reduce budget deficits (in absolute terms) while maintaining positive growth in real non-interest spending. Third, reconsider the sole use of the repo rate to fight inflation. Monetary policy has a significant impact on borrowing costs. The result of only using the repo rate to fight inflation and protect the exchange rate translates to an increase in government bond rates. The SARB may need to explore alternative tools for dealing with the exchange rate and inflation that do not compromise the government’s ability to borrow cheaply.

Recommendation:

1. The National Treasury has a wide array of tools to reduce debt levels without clashing with developmental objectives. Debt needs to be tackled through mechanisms to directly lower the cost of borrowing, and, where possible, limit borrowing needs. This should include, at least, the prudent use of: (a) capital management techniques to stabilise short-term, speculative capital flows and provide room to reduce interest rates; (b) capital allocation tools to steer credit to productive sectors of the economy at affordable rates, including through Reserve Bank lending; (c) central bank intervention in the primary market to purchase government bonds; (d) prescribed assets to make available large pools of capital at affordable rates; (e) slightly shortening the average maturity of government borrowing; (f) and preferential lending, including from international financial institutions (IFIs) where this will not compromise domestic policy space.

Gender-responsive budgeting

The 2026 Budget includes the second [Gender Budget Statement](#) (GBS), first introduced in [2025](#) as part of the process of gender-responsive budgeting (GRB) initiative. This year's GBS fails on multiple levels.

First, it shows a lack of prioritisation of gender issues. Once again, the GBS has been confined to the annexure of the Budget Review and was not mentioned once by the Minister of Finance in his speech. This effective burial of the GBS in the technical back pages of the fiscal framework is not a neutral administrative choice. It is a clear political signal that gender inequality remains peripheral to the fiscal decision-making that determines revenue, expenditure, and macroeconomic direction.

Second, it fails to advance the process of securing genuinely gender-sensitive fiscal policy. It does not reflect a transformative gender responsive budgeting framework that is meant to be institutionalised through the relevant interministerial committee, nor does it demonstrate progression from 2025. The first GBS in 2025 was welcomed as a milestone, despite its limitations, on the understanding that the exercise would improve. The bar was low, and we have now fallen well beneath it.

Third, it waters down our approach to gender equity. The 2025 GBS introduced 'Women's Economic Empowerment' (WEE) as a guiding framework through which gender-responsive interventions and budget priorities would be articulated. In 2026, this framing was replaced with the broader and less precise language of 'economic empowerment'. This shift signals an inconsistency between the 2025 and 2026 statements and raises questions about conceptual and methodological continuity. Irrespective of the language, the framework itself is overly narrow. Rather than dealing with women's direct experiences of inequality in economic, political, social, and care systems, it treats women as [untapped economic instruments](#).

The weakness of the 2026 paradigm is particularly prominent in relation to this year's area of analysis on 'human endowment'. This is aligned with the line departments tasked with conducting GRB, namely, the Department of Basic Education, the Department of Social Development, and the Department of Higher Education. Each department merely provided a list, or rather 'tagging' of 'women' related programmes, but failed to articulate why women remain marginalised, and how this will be addressed. Nowhere in the statement does it demonstrate how budget allocations in these departments are structurally connected to WEE or gender equity.

For example, the GBS mentions the fact that female-headed households continue to experience higher levels of severe food insecurity than male-headed households. This is a structural indicator of economic vulnerability, with female-headed households more likely to depend on [irregular income, informal work, and social transfers](#), and are more exposed to shocks in food prices, energy costs, and employment instability. The GBS, however, does not demonstrate how the listed departmental interventions will materially alter these conditions. Instead, many of the interventions centre on conferences, awareness campaigns, promotional events, and enterprise support initiatives. These are measures that are unlikely to reach the rural and unemployed women who make up the majority of food-insecure, female-headed households.

A more robust GBS would interrogate, among other issues, how core social protection instruments shape women's economic security. For instance, the Department of Social Development, one of the departments participating in the GRB process, administers the SRD grant. Stuck at R370 per month, the grant is significantly below the estimated R923 per person cost of a basic, nutritious food basket. Yet, the GBS does not assess whether this level of support is sufficient to reduce food insecurity among female-headed households, nor whether the scale, adequacy, or design of the grant meaningfully strengthens women's economic agency.

There is no need to reinvent the wheel. South Africa has already demonstrated, through the early [Women's Budget Initiative](#), that rigorous GRB is possible when fiscal analysis is rooted in the structural realities shaping women's lives. What is lacking is not simply more data, but political will and a sustained focus on core issues such as energy access, income security, unpaid care burdens, food insecurity, and unemployment. A credible GBS would centre those most marginalised, rural and unemployed women, persons with disabilities, the LGBTQIA+ community, and those living with illness or addiction.

Recommendation:

1. GRB must be integrated in a manner which addresses the core issues affecting marginalised groups (for example, food insecurity).

6. Summary of proposals

Economic growth and public spending

- The government needs to fundamentally reorient and nest fiscal policy within a developmental macroeconomic framework that prioritises labour-intensive growth, industrialisation, redistribution, social protection, and the public financing of the climate transition.
- Monetary policy tools must be used to fight inflation and actively transmit cheap, stable, and predictable capital for development. This would lower the cost structure of the entire economy, including the cost of government debt.
- Social spending on education, healthcare, and social protection must be realigned and aim to increase spending above the inflation and population growth rate, address poverty, and catch up with critical backlogs.

Revenue mobilisation

- The government must pursue a net wealth tax (which can target savings in unproductive sectors); increase strategic deployment of assets in the Gold and Foreign Exchange Contingency Reserve (GFECRA); make developmental use of the over R1 trillion in assets of the Government Employees Pension Fund (GEPF); and redirection of medical-aid and retirement-linked tax breaks for high income earners towards public investment.

Debt

- Broaden the mandate of the SARB to include a requirement that it must issue debt on concessional terms directly to strategic industries (such as those that are positioned to drive green industrialisation) or indirectly, through national development banks. This must be paired with reciprocal mechanisms that ensure that the finance is used to achieve developmental objectives.
- Pursue a systematic re-negotiation of public debt on better terms, with special attention to the debt owed by state-owned enterprises, like Eskom and Transnet, which were at the centre of misappropriation of public funds.

Budget process

- The TARS programme must adopt a more rigorous methodology, overseen by Parliament, to determine what constitutes underperforming or wasteful programmes, avoid harmful cutbacks, and factor in consideration of areas where years of budget cuts have made programmes ineffective, and therefore need more, not fewer resources.
- A fiscal anchor is not the appropriate instrument to meet the National Treasury's goals (stabilising public finances) or the country's developmental objectives (building a capable state, reducing unemployment, and increasing growth). The debate by Parliament should instead be centred around the ways in which the National Treasury can build political convergence on spending, and reconsider the sole use of the repo rate to fight inflation.

- The GBS must be fundamentally overhauled to seriously address the core issues underlying the economic marginalisation of women, including energy access, income security, unpaid care burdens, food insecurity, unemployment, and precarious work.



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